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Monthly Review
OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS

Mixed trends typify economy

The beginning of the fall season brings no new evidence of decisive change in the Ninth district's business economy. The record shows that the area's economic indicators for the first three quarters of 1957 have continued mixed with the over-all trend 'sidewise' at a high level. Perhaps it is due to this mixture of weakness and strength that business sentiment has been cautious about fourth quarter prospects.

Actually, statistics on production and trade in the Ninth district through August of this year are impressive. Total non-agricultural employment, weekly average earnings in manufacturing, department store sales and farm machinery sales are all higher. The total of bank debits for August (the dollar volume of checks written on demand deposits) was around 5 percent above last year—another indication of high level district business activity. Demand deposits at district member banks in July were up 4.4 percent from a year earlier and time deposits gained 13.1 percent. The number of bank loans also shows a moderate increase from that of a year ago. The most significant development, however, is the harvest of the second largest total grain crops on record and the exceptionally good condition of livestock due to generally favorable pasture, range and feed conditions throughout the summer period. High agricultural production in the district plus higher prices for most livestock will put more dollars in the farmer's pocket than he had last year—perhaps 5 percent more for the year.

Annual survey of Minneapolis area housing prices . . . . . see page 8

Along with these 'bullish' influences there also exist some offsetting factors in the district's economy, including lags in construction activity, definite weakness in mining and lumbering activity in parts of the district, and a moderate increase in the number of unemployment claims. The current situations in copper mining and lumbering in our district are the subjects of two brief reports on the pages to follow. Whether or not these 'bearish' influences point the way to a downturn in business activity or simply to a continuing 'rolling adjustment' is yet to be determined.

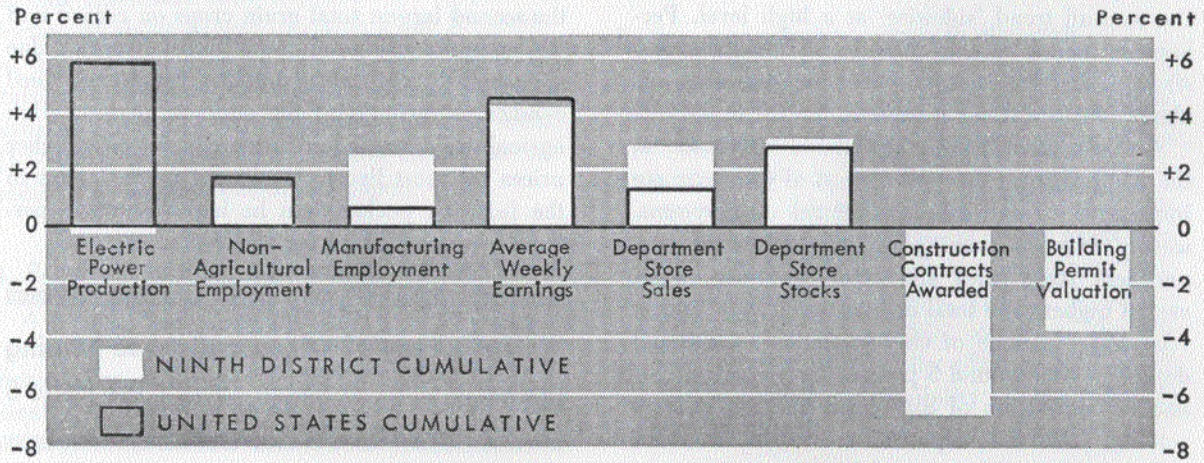
The vigor of the district economy is, of course, tied in closely with what happens on a national basis and here there are some signs that the boom has lost headway. Manufacturers are reported to be reducing their backlog of orders, and inventories apparently are being increased again after some downward adjustments in the first quarter. New orders in manufacturing are reported to be lagging current productions. Machine tool order backlogs have been going down for some time. The stock market has declined in recent weeks. Productive capacity in most all lines have increased to the point where there are now no real shortages. A recent survey shows that the rate of increase of business spending for capital goods definitely has slackened. The wholesale price index, although about 3 percent above that of a year ago, has slipped down a bit from the peak reached in August. A long list of basic raw commodities such as copper, zinc, rubber and wool have been showing price weakness recently.

On the other hand, the consumer price index continued to advance, reaching the new high in mid-August of 121 percent of the 1947-49 base.

The strength of consumer demand evidenced through sustained spending makes it appear that downward adjustments, if they should occur, most likely would be mild. Of special interest now in the economic outlook will be the public's attitude toward the new model automobiles. There also are some hopeful signs that home building has passed its low point. Housing starts on a seasonally adjusted basis increased slightly in both July and August.

After consideration of the district's economy as a whole, it appears that at the moment, at least, the situation may be regarded as relatively stable and quite satisfactory with the exception of those areas where lumbering and copper and zinc mining are important.

Economic indicators for first 7 months of 1957 compared with like 1956 period



The following selected topics describe particular aspects of the district's current economic scene:

MONTHLY BANKING DEVELOPMENTS

Although during August loans at district member banks increased by $53 million, the largest increase for any month this year or last, $29 million of the increase was reported by city banks under 'loans to banks' which are largely one day loans of 'federal funds' and for that reason are only temporary in nature. City banks also reported an increase in other loans, largely the commercial and industrial variety, amounting to $15 million.

Loans at country banks rose $9 million in August in contrast to a decline of $2 million in August last year. Country bank loans have decreased in only two of the first eight months this year while four monthly declines were reported through August last year. Country bank loans rose $55 million through August this year and $23 million in the comparable period last year. Only in Montana did member banks report a loan total for the end of August which was lower than on the first of the year or on the end of July. Montana was also the only state in the district where member bank deposit balances failed to rise in August or in the period since the first of the year.

Change in total deposits at district member banks
(first eight months)

	1957	1956
Michigan	+2.9%	+3.0%
Minnesota	+2.6%	— .7%
Montana	—1.6%	— .8%
North Dakota	+6.9%	—1.7%
South Dakota	+1.3%	—6.0%
Wisconsin	+4.0%	+2.4%
District	+2.3%	— .9%

Deposits reported by member banks in the entire Ninth district rose by $99 million through August in 1957; in 1956 a decline of $40 million was registered in the comparable period. Deposit changes through August of both this year and last at member banks in each district state or part state appear on the table.

The table indicates more rapid deposit growth this year than last in all district states or part states except Montana and Upper Michigan. Deposit growth has been aided by higher prices for several agricultural products which are important in the district, particularly livestock. Moreover, the announcement of higher interest rates on time deposits at many banks this year was followed by unusual growth in these accounts. Thus, the $99 million deposit gain in the first eight months of this year was the result of a loss of $36 million demand deposits which was more than offset by $135 million added to time deposit balances. Time deposits grew by only $26 million in the same period last year.

Since May, when the seasonal outflow of deposits from the district ended, the average volume of borrowing from the Federal Reserve Bank of Minneapolis has declined in every month. Average daily borrowing of $32 million in August compared with the monthly high for the year of $78 million in May. The discount rate at the Federal Reserve Bank of Minneapolis was raised from 3 percent to 3½ percent on August 9; before the month was over every Federal Reserve bank in the nation was charging a 3½ percent discount rate.

DEPARTMENT STORE SALES CONTINUE TO RISE

Department store sales in the Ninth district as in the nation as a whole continued a steady rise to a new high level in August. The seasonally adjusted index for August was 126 percent of the 1947-49 base period as compared to 120 percent in July. In the four largest cities—Minneapolis, St. Paul, Duluth and Superior—sales were off in the first week of September but rebounded again in the second week to the high August level.

In some areas of the district, department store

sales reflect divergent trends in consumer income.

The cutbacks made in lumber and copper production in Montana have reduced consumer income in many communities and apparently have begun to be reflected in state department store sales. In August, Montana sales were only equal to a year ago while in the district they were 7 percent above a year ago.

In South Dakota farm income is up substantially from a year ago. A drouth last year in several areas of the state reduced seriously crop production. Both the wheat and corn crops were affected. With good crop yields this year, farm income is up again. This undoubtedly is a factor in the high level of department store sales which were 14 percent above a year ago in August.

In the iron ore mining regions, August sales last year reflected the beginning of a brisk volume following the steel strike, which extended from July 1 to 29. Even though last years' sales were expanding during August, sales this year in Minnesota were up 7 percent and in northwestern Wisconsin and Upper Michigan, up 6 percent.

In the district as a whole department store sales are at a high level, and the rise in farm income from a year ago, as well as a high level of nonfarm employment in most areas of the district, has led some department store managements to be optimistic about the outlook for sales this fall.

COPPER MINING CURTAILED

In the Ninth district, copper mining and smelting is another primary industry in which production has been curtailed this year. In western Montana the larger metropolitan centers affected are Anaconda, Butte and Great Falls. In Upper Michigan, the principal cities are Calumet, Hancock, Houghton and White Pine. In both regions also, smaller communities either have been or may be affected by the reduction in output or the closing of mines.

In the post World War II years, the rapid expansion in home building and in automobile and consumer durable goods production developed an insatiable demand for copper. In response to this growing demand for copper, the producers around the world expanded their output sharply. Now that home building and automobile and appliance production have receded from peak levels, the domestic demand for copper has slumped materially.

The accumulation of heavy inventories by producers has led to a series of price reductions. The wholesale price of copper in March 1956 rose to 46 cents per pound which was the price quoted by large producers. The custom smelter quotation was 55 to 55.5 cents per pound. In July of last year the first of several subsequent decreases in price was made. By the second week of September 1957, the price quoted by large producers was 27 cents and the custom smelter quotation was 25 to 25.5 cents per pound. On September 12, at one smelter the price was increased .5 cent to 25.5 cents, and on the following day at several other smelters the price was increased to 26 cents. These were the first price increases since the precipitous drop in price began. Officials of copper producing firms were watching closely buyer reactions to determine if this was the long awaited end to the price decline or only a brief interlude.

The lower price range for copper, and for other metals mined with copper ore, led the Anaconda Copper company at Butte, Montana to reduce the mining force by some 400 men. The reduction in the mining operations, in turn, reduced the operations at the smelter and fabricating plants. In Anaconda, employment at the smelter during the summer continued above a year ago but the men were working shorter hours per week.

In Upper Michigan, Calumet and Hecla, Inc. in the second week of September announced about a 10 percent cutback in production and a lay-off of some 500 workers. The company has planned to close down completely four low-grade mines and concentrate operations in seven high-grade deposits.

The economic effect of the cutback in copper

production in Upper Michigan will soon be felt by communities of the copper-producing peninsula. In Butte, Montana the cutback in mining copper ore has reduced employment to a 'mid-winter level' and unemployment claims have risen to five times the year ago volume. Some workers have left the community and this has increased the dwelling unit vacancies. No new housing starts have been made since the lay-off occurred.

To maintain a perspective on mineral production in the Ninth district, reference should also be made to iron ore production, since a greater amount of employment and activity is centered in the iron ore industry. In the current shipping season up to September 9, a total of 60,990,000 gross tons of iron ore had been loaded into freighters at upper Lake Superior ports according to the report released by the American Iron Ore association. This total is an increase of 16,051,871 gross tons over the tonnage shipped last year during the same period. Shipments of iron ore last year were interrupted by the steel strike.

Despite the cutbacks made in the output of copper, district employment in mining has held up quite well. The peak monthly employment last year was about 50,300 workers. Allowing for the latest cuts announced in the mining of copper, total employment in the mining field is down only about 2,500 workers.

DISTRICT FARM INCOME UP 4 PERCENT

Ninth district cash receipts of farmers, from sales of crops and livestock, during the first seven months of this year were above the same 1956 period, with only Montana failing to gain over last year. The four states entirely within the district had a total increase of 4 percent in farm receipts, compared with just a 1 percent increase in farmers' cash receipts for the nation as a whole. Thus, as in several recent years, relatively good crop conditions and high livestock output have kept district farm income in a somewhat more favorable position than the average of farmers the country over.

For the nation, the USDA estimates that farmers' realized net income may have an annual rate as much as one-half billion dollars higher during the third quarter of 1957 than it had during the same 1956 period. The net income of U. S. farmers during the first half of 1957 averaged an annual rate of $12.1 billion compared with $11.8 billion during the first half of 1956.

During the first eight months of 1957 farmers' cash receipts from marketings exceeded the previous years' receipts by 1 percent; prices averaged 3 percent above last year, but marketings were smaller.

LUMBER INDUSTRY SLOWER

Lumbering is a major industry in several regions of the Ninth district. A reduction in lumber production this year has reduced both employment and income in these regions. However, the decline in income from this primary industry during the past summer did not affect the district's distribution and service industries seriously.

Lumbering tends to coincide somewhat with tourist centers in the district. The presence of an increasing number of summer visitors in most of these areas expanded the resort business to such an extent that in many communities it offset the smaller income from lumbering. Employment in retail and service establishments in many of these areas continued to grow through the summer, but now that the tourist season is over, the smaller income from lumbering soon may be felt.

The demand for lumber has declined since 1955; that year marked the end of a residential building boom. Stocks of lumber in the hands of saw mill operators and wholesalers in 1956 reached a volume that led to a reduction in lumber prices. The lower prices have forced some high cost logging and saw mill firms to close down; others have reduced their operations to liquidate heavy stocks.

Residential building creates the primary demand for lumber. In 1956 and in the first half of 1957, the number of houses built receded considerably from the volume reached during the boom of 1955. In this district, the number of new dwelling units authorized by permit reached a total of 23,649 in 1955. The number authorized in 1956 dropped to 19,487, a decrease of 18 percent. In the first half of this year, the number authorized again was down, 26 percent lower than the total for the corresponding period of 1956.

Generally, there is a seasonal decline in the number of dwelling units authorized by permit in the third quarter. This year the number authorized in July almost equaled the number for June, and the August figure even outdistanced the June figure. According to these figures, the low point in home building activity may be past. Inventories of unsold new houses in many Ninth district communities have been wiped out. The number of dwelling units for rent or sale are at a relatively low figure. Consequently, the home buildng industry may emerge next spring with a larger demand for new houses.

Home building in this district has paralleled closely the trend for the nation as a whole. In 1955, national nonfarm housing starts totaled 1,328,900; in 1956, the number dropped to 1,118,100; and in the first half of this year, the seasonally adjusted annual rate was 957,000. In July the adjusted annual rate was 980,000 and in August it was over 1 million for the first time this year. These figures indicate an increase from the low point experienced in the first half of this year.

When home builders began to cut their starts in the fall of 1955, retail lumber dealers soon had an over-supply of lumber. In 1956 they reduced their stocks. For instance, the number of board feet of lumber held in retail yards in the Ninth district in January 1956 was 16 percent higher than one year earlier. As stocks were liquidated during the year, the board-foot volume carried by retailers fell below the preceding year's stock. In December 1956, stocks were 6 percent below the volume held in December 1955.

While retail lumber dealers liquidated their inventories, saw mill operators and wholesalers began to accumulate stocks rapidly. According to the Western Pine association, stocks at the end of 1956 rose to a volume which was higher than at any previous time since World War II. Although the production of lumber has been reduced substantially this year, stocks still remain large. Further liquidation of stocks is anticipated by observers in the industry before a balance again is achieved between production and consumption.

The accumulation of lumber stocks due to the decline in residential building led to a reduction in prices. The index of wholesale lumber prices, compiled by the Bureau of Labor Statistics, continued to rise through April 1956 when it stood at 130.6 percent of the 1947-49 base period. Then it dropped, and by June 1957, the index was 120.5 percent, a decrease of almost 8 percent.

Changes in the price structure of lumber are more realistically portrayed by presenting the prices of a few types of lumber. The Western Pine association complies average prices on lumber cut from logs. For instance, Ponderosa pine reached a peak price of $101.06 per thousand board feet in May 1956. In August 1957, the price was down to $87.59, a decrease of 13.3 percent. The price and percent declines from the peak month in 1956 have been compiled in the accompanying table.

Employment in lumber and wood products industries in June 1956 in the Ninth district rose to a peak which was higher than in former years. In the latter half of 1956, employment declined more than seasonally due to the heavy accumulation of stocks in the industry. Last spring a smaller number of workers were rehired than in former years. Employment offices in the lumbering regions recently have reported that the curtailed production of lumber and its products has contributed noticeably to the number unemployed

during the past summer. Some lumber mills and woodworking plants have closed down and others have reduced their crews. In logging operations employment also shrank as the demand for logs diminished.

Western pine region lumber prices*

(Thousands of board feet)

	— 1956 — Peak	Price	1957 August	Percent decrease
Ponderosa Pine	May	$101.06	$ 87.59	-13.3%
Idaho White Pine	August	126.37	121.46	- 3.9%
Engelman Spruce	April	90.87	82.07	- 9.7%
Fir and Larch (dry)	May	81.10	70.02	-13.7%
(green)	May	73.64	61.86	-16.0%
White Fir	May	72.28	61.29	-15.2%

*This is an average price weighted by the type and grade of lumber cut from the logs.

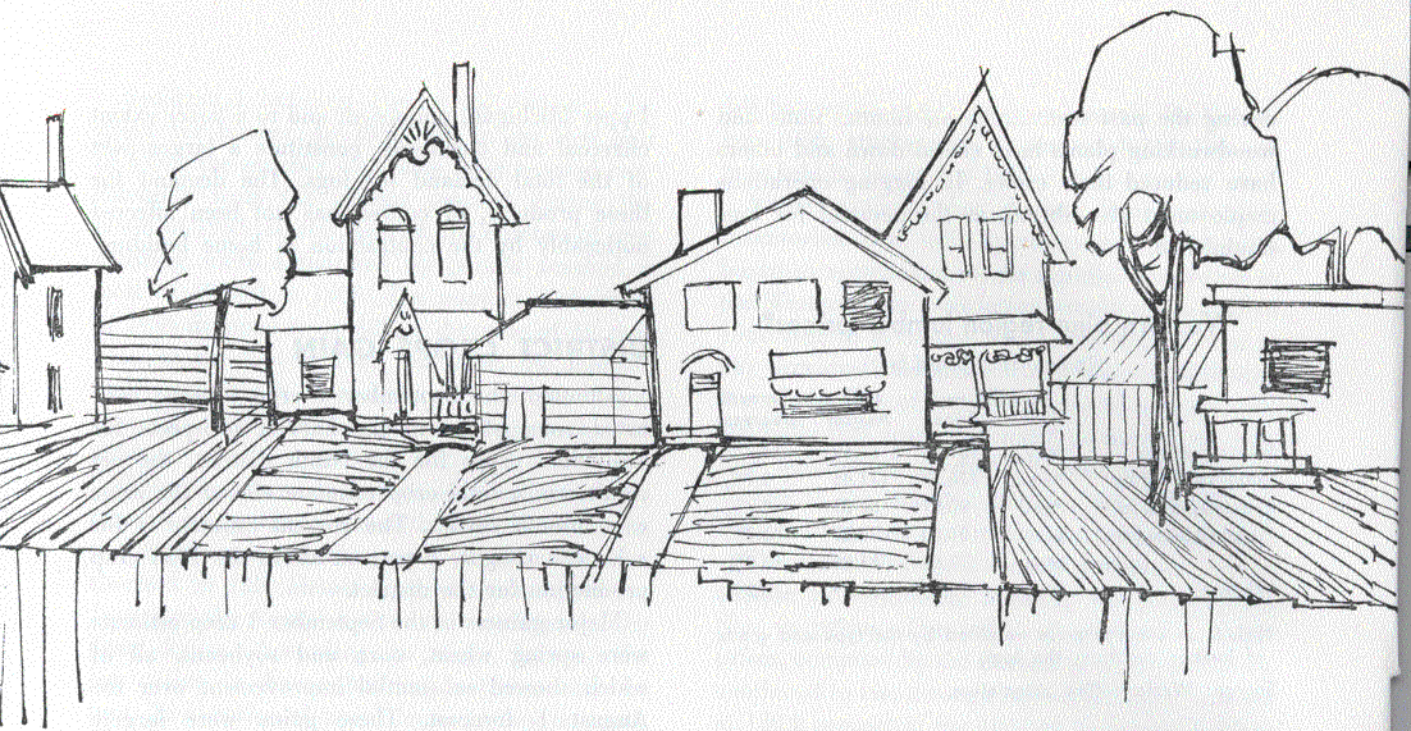
Source: Western Pine association.

Geographically, in this district the lumber industry in western Montana has been the hardest hit by the decline in the demand for lumber. In northern Minnesota, northern Wisconsin, and Upper Michigan, pulpwood, and to a lesser extent charcoal and chemicals, constitute a larger part of the total demand for logs. The demand for these products, of course, has not been affected noticeably by the contraction in home building.

DISTRICT CROPS GAIN

Although the September 1 crop forecast indicated some shifts in the harvest prospects for individual crops for the Ninth district, the net result was a total crop estimate almost the same as a month earlier. The current estimate is for a harvest roughly 8 percent above the 1956 crop production for the district.

Major gainers in the September 1 crop estimate were spring wheat, corn and soybeans, all of which showed substantial improvement over the August 1 forecast. These gains were largely offset by declines in the production estimates for oats and flax, however, and the barley estimate was down slightly. Corn and flax remain the only crops for which estimates are below 1956.



Survey of housing prices

A strong demand for products and services in 1956 and in the first half of 1957 created nationwide pressures on both natural resources and the labor supply. This has been reflected in a continued strong price rise. However, during this period of general expansion, residential construction dropped below the levels it reached in the housing boom of 1955. Under these conditions—a reduced number of housing starts while general economic prosperity prevails—the trend of prices paid by buyers of houses is of special interest.

The annual survey of prices paid for houses in the Minneapolis area reveals a steady rise in the average price during 1956. The average price paid by buyers rose 8 percent from the latter half of 1955 to the latter half of 1956. The increase on used houses was 5 percent and on new houses 18 percent.

In the first half of 1957 the prices paid by buyers of houses appeared to level off. Actually, the average price paid for *used* houses receded slightly from the peak reached in the fall of 1956, while the average price paid for *new* houses continued to rise by 6 percent. As a result, the average price paid for all houses remained the same from the latter half of 1956 to the first half of 1957.

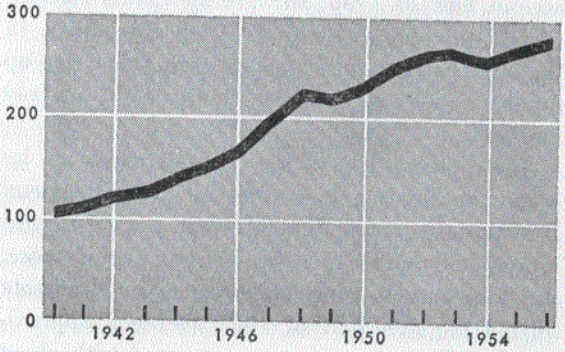
A study of prices by quarters reveals a weakening in the first quarter of this year during the winter 'lull' in the real estate market and a subsequent firming of prices in the second quarter.

Although building materials and most types of skilled tradesmen have been in ample supply in the Twin Cities, residential building costs have continued to rise. According to the E. H. Boeckh and Associates cost index, the cost of building frame houses in the Twin Cities rose 4 percent in 1956 and another 1½ percent in the first six months of this year.

This increase in building costs has paralleled

the rise in consumer prices. The index of consumer prices for Minneapolis rose 3 percent from January 1956 to January 1957 and another 2 percent in the first half of this year. The cost-of-housing portion of this index (includes home purchase, rent, gas, electricity, fuels, furnishings, and household operations) rose 4 percent in 1956 and an additional 1 percent in the first half of this year.

Index of building costs for frame residences, Minneapolis



Survey on prices paid for houses

The annual survey on prices paid for houses in the greater Minneapolis area was conducted in July by the Federal Reserve Bank of Minneapolis in cooperation with the Minneapolis Board of Realtors. Consistent with previous surveys, which have been made annually since 1948, the purchase prices were compiled on a large number of houses sold by realtors in Minneapolis and its immediate suburbs.

This year the survey includes 4,702 transactions as compared to 5,158 last year. This decrease is indicative of the slowdown in home building and in the sale of new houses. The sale of used houses has remained close to the 1956 volume. This smaller sample still includes over 50 percent of all transactions made by realtors in the area and is representative of properties sold in all sections of the metropolitan area. Some control was exercised over the geographic location of these properties to insure a reliable measure of the trend of prices for all houses sold in this area.

Results of the survey

The recent survey shows that houses sold in the latter half of 1956 were transferred at new record high prices. The average price for all houses was $400 higher than in the first half of 1956 and $1,000 higher than in the former peak reached in the first half of 1951. In the first half of 1957, the average price on houses sold remained at the record level reached in the latter half of 1956.

Information on the range of prices paid for houses in Minneapolis and in the surrounding suburbs adds to the knowledge on recent price trends in the real estate market. In the recent survey, which covers the period from July 1, 1956, through June 30, 1957, a slightly smaller number of transactions were closed at prices below $9,000 than in the former 12-months period. Three-fourths of the transactions were concentrated in the price range from $9,000 through $18,000 and one-half of the transactions were within the range of $10,000 and $15,000. Above $18,000 the number of sales tapered off sharply to a small number of sales in the higher price brackets.

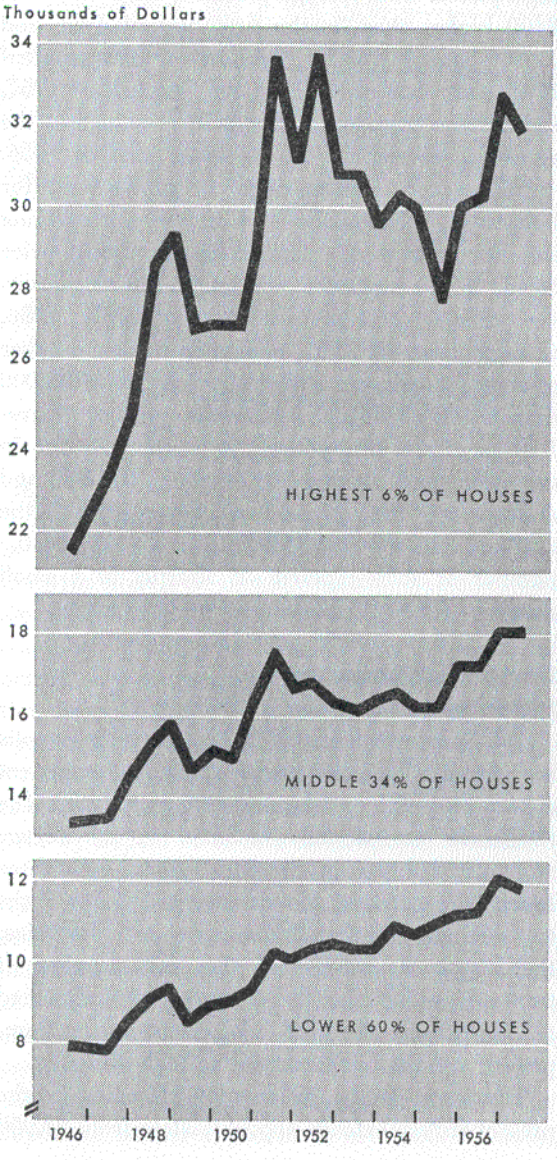
Low-priced houses show tapering off in price

The housing market in the greater Minneapolis area has a wide price range which in the current survey extends from about $3,000 to $74,000. The residential transactions included in the survey were divided, as in previous years, into three brackets according to market price. With the transactions distributed according to sales price, the lowest 60 percent of the total number of transactions included in the survey were classified as low-priced, the next 34 percent as medium-priced, and the top 6 percent as high-priced.

The price range in the low bracket in the present survey extends approximately from $3,000

to $15,000. The average price of houses sold in this bracket rose through 1956 and declined somewhat in the first half of 1957. As shown in the chart, in the first and second half of 1956 prices of all houses in this bracket averaged $11,300 and $12,100 respectively. In the first half of 1957, the average price declined to $11,900. This decrease reflects a shift in purchases from new to old houses which have a lower average price.

Average prices of houses sold in the Minneapolis area



Prices of old houses (by definition those that have been lived in before) rose through the first half of 1957. From the first to the last half of 1956, the average price rose from $11,000 to $11,400, and in the first half of 1957 to $11,500.

Of the 2,821 transactions which fell into the low-price bracket, 358 houses or 13 percent were new. The average price on new houses has risen faster than on old ones. From the first to the second half of 1956, the average price rose by $1,600 as compared with $400 on old houses. In the first half of 1957, the average price was up another $300 as compared with $100 on old houses.

The higher prices of new houses reflects an increase in building costs only to a small extent. Residential contract figures reveal a trend toward larger and more expensive houses. For instance, the floor area in contracts awarded in Minnesota during the first half of 1957 averaged approximately 1,500 square feet as compared with about 1,300 square feet one year earlier. A larger proportion of houses built for owners also include more 'extras' to meet specific family requirements. On the average, buyers are moving into better designed and equipped houses. Consequently, only a part of the higher average price represents a *bona fide* price increase.

In a "buyers' market" such as has been experienced since 1955, realtors sell a large proportion of the new houses built in the area while in a "sellers' market" builders sell most of their houses directly to purchasers.

Medium-priced houses level off in price

The price range of houses in this bracket in the 12 months ending June 30, 1957, extends from $15,000 to $25,000. Prices of houses in this bracket rose in the last half of 1956 and leveled off in the first half of this year. As in the low-

price bracket, there was some shift in purchases from new to old houses which contributed to the leveling off in the average price.

The average price for these houses, both old and new, was $17,300 in the first half of 1956 and $18,200 in the latter half of the year as well as in the first half of 1957.

Old houses sold in the first half of 1956 for an average price of $17,400 and in the latter half of the year for $17,900. The higher price level carried over to the first half of 1957 as the average remained at the same figure.

In the latter half of 1956, the average price on new houses for the first time exceeded the average on old houses. Prices rose sharply due primarily to the building of larger houses. From the first to the second half of 1956, the average price rose from $17,000 to $19,300, an increase of $2,300. In the first half of 1957, the average price was $19,700, up another $400. Formerly, the great bulk of new houses were built to sell at the low end of this price range. Now prices of new houses are more evenly distributed over the entire range. Out of a total of 1,599 sold in the medium-price bracket 481 houses or 30 percent were new.

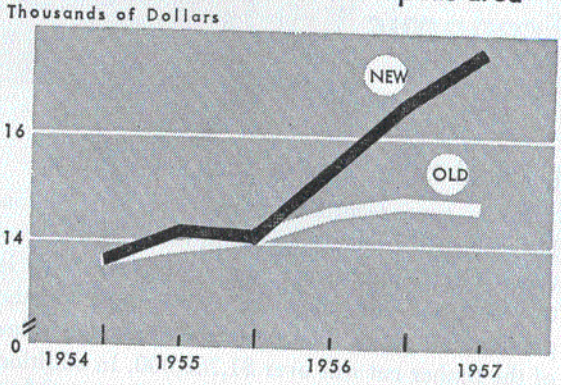
High-priced houses reached peak in 1956

The average price for houses in the high bracket in the current survey ($25,000 and up) has followed the general trend of rising prices in the latter half of 1956 with the prices receding somewhat in the first half of 1957. In 1956, the average price rose from $30,400 in the first half to $32,900 in the second half, an increase of $2,500. In the first half of 1957, the average price receded to $31,900, a decrease of $1,000.

In this bracket (from $25,000 to approximately $74,000) the average price on old houses exceeds the average on new ones. Most of the new houses are built to sell at prices in the lower end of the range. Out of a total of 282 transactions in this bracket, 59 houses or 21 percent were new.

The averages in this bracket are computed from fewer transactions than those in the other two brackets and the prices of houses extend over a much wider range. These variables tend to reduce the stability of an average. Nevertheless, the price trend as revealed by the averages appears to be consistent with those in the other price brackets.

Average selling prices of old and new houses in Minneapolis area

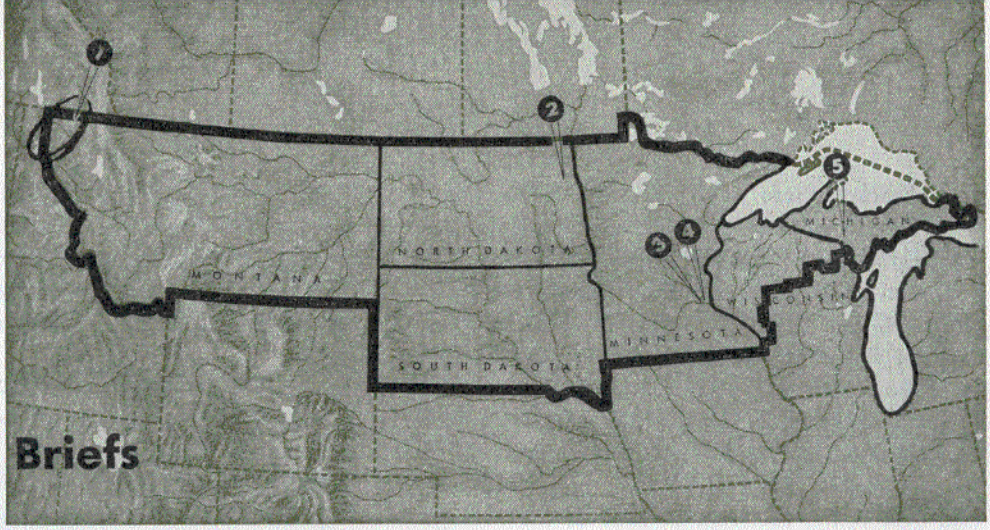


Less activity in the housing market

The decline in activity in the new housing market is traced to a temporary abatement in the housing shortage as well as to a tightening of terms on mortgage loans. The need for additional housing space has declined. In the Twin Cities, the number of dwelling units added to the stock of houses in the first seven months of this year was 34 percent less than in the corresponding period of 1956. Although the vacancy rate is low, there is no evidence of doubling-up due to a housing shortage resulting from the cutback in residential building.

Conclusion

Residential builders in the Twin City area have reduced their starts over a period of two years. At times, the number of unsold new houses has been quite large. Nevertheless, the results of this survey indicate that a large temporary inventory has not affected materially the market value of houses. Instead, the market value has depended on consumer purchasing power or general economic prosperity which remains strong.



Economic Briefs

1. Record timber crop in Kootenai forest

An all-time record of more than 235 million board feet of timber was cut in the Kootenai National Forest during the past fiscal year. This is two and one-half times the average cut for the previous 10 years. The estimated stumpage value of the timber cut was over $1,782,000. In addition to this amount, the Forest Service collected $484,675 for stand improvement, brush disposal and road maintenance.

2. North Dakota to have potato starch plant

Construction has begun on North Dakota's first potato starch plant at Grafton. The plant, which will cost an estimated $225,000, will employ 25 persons seasonally from September to May. Production of about 40 tons of starch a day is expected, using 8 pounds of potatoes for every pound of starch. The plant will provide a market for cull potatoes in the state's leading potato-producing area. The starch produced will be used largely as an additive in the manufacture of paper.

3. Penney's sets $2 million improvement

A major remodeling program is underway for the J. C. Penney store in downtown Minneapolis. Remodeling will include exterior refacing, new escalators, elevators, lighting and air conditioning at a cost of $1.5 million. Another $500,000 will be spent for new fixtures and carpeting. The store will gain about 10,000 feet of selling space as well as improved layout, when the remodeling is completed next fall.

4. Sears plans $4 million St. Paul store

Sears, Roebuck and company plans to build a new $4 million store in St. Paul if its bid for a 14-acre tract is accepted by the St. Paul Housing and Redevelopment Authority. The cost of the store includes $525,000 for the site. A two-story, 162,000-square-foot building is planned, and construction is scheduled to begin in 1959. Sears has several stores in Minneapolis and its suburbs, but this proposed store would be its first entry into the St. Paul area.

5. Ore concentration plant in Michigan

A plant for processing low grade iron ore is under construction north of Iron Mountain, Michigan, at the site of the Groveland mine. When completed in the spring of 1959, the concentrating plant will employ approximately 200 men in the crushing, grinding and washing of low grade iron ore. It is designed to produce annually about 700,000 tons of ore concentrate. The M. A. Hanna company of Cleveland, Ohio, owners of the new plant, had established a pilot plant in 1951 which tested the commercial feasibility of ore processing in the mine.